



Metro Tasmania Pty Ltd Annual Report 2003/2004





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Metro is an integral part of Tasmania - its history, its present and its future."

Introduction

The Principal objective of Metro Tasmania Pty Ltd is defined in the Metro Tasmania Act, 1997. It is:

To provide, road passenger transport services in Tasmania and to operate those services in a manner consistent with sound commercial practice.

This legislation was enacted in February 1998 and established Metro Tasmania Pty Ltd as a State Owned Company operating under Corporations Law.

Metro Tasmania Pty Ltd has evolved from the former Metropolitan Transport Trust (MTT), which itself was formed in 1954 by the transfer of urban public transport services operated by the Hobart and Launceston City Councils to the Tasmanian Government. In 1959, MTT extended its operations to include urban bus services within the Burnie Municipality.

Metro provides a broad range of urban passenger transport bus services within Hobart, Launceston and Burnie, as well as between Wynyard, Burnie and Ulverstone and between Hobart and Bothwell. These services are specified within a Community Service Activity contract between Metro and the Department of Infrastructure, Energy and Resources (on behalf of the State Government). Full details of the general route services and special student services provided by Metro can be obtained by searching Metro's website at www.metrotas.com.au.

Metro also provides a range of local and statewide charter services, as well as special event and community services (such as for the Hobart Show).

In its Corporate Plan Metro has identified its vision as becoming an *Australian leader in the delivery of urban passenger transport services*. Metro's Corporate Plan also sets out the Goals, Targets and Strategic Actions that Metro will be pursuing in order to achieve this outcome. Anyone wishing to obtain a summary of Metro's Corporate Plan can do so by contacting Metro or by downloading the document from our website www.metrotas.com.au.

Metro also owns a subsidiary bus company, Metro Coaches (Tas) Pty Ltd, which operates regular passenger transport services between Hobart and Kingston, Blackmans Bay, the Channel, Richmond and New Norfolk.

Metro is the registered trading name of Metro Tasmania Pty Ltd, and Hobart Coaches is the registered trading name of Metro Coaches (Tas) Pty Ltd.



Company Directory

Nature of Business:

Provision of bus transport services.

Issued Capital:

Two shares of \$1.00 each.

Registered Office:

212 Main Road
Moonah, Tasmania

ABN Number:

30 081 467 281

Directors:

Sally Denny, Chairperson

Michael Wisby, Deputy Chairperson

Ketrina Clarke

Janie Dickenson

Robert Flanagan

Shareholders:

Crown of Tasmania

Senior Managers:

Laurie Hansen, Chief Executive Officer

Tony Sim, Group Manager Operations and Engineering

Jack Lane, Manager Business Development

Anita Robertson, Chief Financial Officer

Bankers:

Commonwealth Bank of Australia
81 Elizabeth Street
Hobart, Tasmania

Auditor:

Auditor General

Principal Offices

HOBART

Address: Head Office
212-220 Main Road, Moonah, Tas

Postal Address: PO Box 61, Moonah 7009

Telephone: (03) 6233 4232

Facsimile: (03) 6272 8770

LAUNCESTON

Address: 168 Wellington Street, Launceston, Tas

Postal Address: PO Box 578, Launceston, 7250

Telephone: (03) 6336 5888

Facsimile: (03) 6336 5899

BURNIE

Address: 28 Strahan Street, Burnie, Tas

Postal Address: PO Box 182, Burnie, 7320

Telephone: (03) 6431 3822

Facsimile: (03) 6431 9336

Other Contacts

E-mail: info@metrotas.com.au

Website: www.metrotas.com.au

The Metro Shop: Hobart GPO
Elizabeth Street Bus Mall
Hobart, 7000





2003/04 has been a successful year for Metro and its subsidiary company, Hobart Coaches.

Staff have worked hard to improve patronage and plan for the future, while managing the day-to-day delivery of quality services to customers. On all counts there has been positive progress in 2003/04.

Operating Conditions

The overall operating environment has been positive. The Tasmanian economy, business confidence and employment conditions have all been strong over the period. In addition, there has been population growth in all Metro's operating areas in response to improved economic conditions. The underlying change in the demographic structure of the Tasmanian population reflecting the progressive reduction in the number of school-age children is continuing, but even this reduction appears to have slowed in line with the improved economic conditions.

Metro's fares for adult and tertiary student passengers were increased in January 2004 by approximately 7%. The Government decided that fares for student and child passengers would not be increased. There has been no increase in Metro student fares since 1996. Our customers appear to have accepted the increase in fares and there has been minimal impact on patronage levels as a result.

A new enterprise agreement covering the two-year period commencing November 2003 was negotiated and implemented during the year.

Patronage

We are pleased to report an overall growth in patronage in 2003/04.

Patronage increased by 1.4% for the State as a whole, with Hobart up 1.0% and Launceston up 3.8%, but Burnie down 2.3%. Student and child patronage grew in 2003/04 by 2.3%, adult concession patronage was up 1% whilst adult full fare patronage was stable (up 0.1%).

Initiatives Undertaken

Metro has continued to upgrade its vehicle fleet. This is part of the program to make all Metro route services fully accessible to wheelchair-based passengers and to improve access for all passengers.

Metro purchased fourteen fully accessible standard rigid buses during the financial year, taking the total number of accessible buses in-service as at 30 June 2004 to 27. In addition, as at 30 June 2004, commitments had been made for a further four standard accessible buses and one long wheel base accessible bus which will take the accessible fleet strength to 32 buses by the end of 2004. In 2004/05 some wheelchair accessible buses will be deployed to Launceston and Burnie.

New buses purchased from 2004 onwards will be fitted with air-conditioning consistent with Metro's focus on improving passenger comfort levels, as well as improving the working environment for employees.

In March 2004 Hobart Coaches introduced an expanded service timetable for Kingston and Blackmans Bay. Hobart

Coaches also introduced a fares structure that emulates Metro's for the Kingston/Blackmans Bay area. This provides customers with access to lower fares and more flexible ticketing, as well as the ability to interchange freely between Hobart Coaches' Kingston/Blackmans Bay services and Metro's Hobart operations. In co-operation with the Kingborough Council an on-street bus station was established in the Channel Highway adjacent to Channel Court.

In August 2003 Hobart Coaches also expanded services to New Norfolk, modifying the bus route within the town to effectively provide a local bus service focussed on the New Norfolk town centre, as well as the regional service to Glenorchy and Hobart. Additional daytime services between New Norfolk and Glenorchy have been added, and special tickets were introduced to enable passengers to transfer on to Metro services at Glenorchy without paying an additional fare.

Financial Results

Metro's financial performance for the twelve months to 30 June 2004 has again exceeded expectations. A consolidated profit of \$63,000 was achieved.

The profit for the year has been achieved through rigorous control over expenditure together with a better than budget result from passenger revenues and an improvement in advertising revenue.

The result would have been even better if Metro had not had to make greater than anticipated provisions for superannuation due to changes in actuarial assumptions. This significantly impacted on the overall financial result.

Ownership costs, particularly bus depreciation, are increasing in line with the bus replacement program and with the accelerated depreciation of buses in the first few years of their effective life. There has been revaluation of Metro's bus fleet during the year that recognises the higher replacement costs for vehicles.

The impacts of Metro's capital improvement program on its operational budget, as well as the demands created to fund the program will create a particular challenge for the Board and management over the next few years.

Metro Coaches (Tas) Pty Ltd

Hobart Coaches continued to perform solidly.

Patronage levels increased by 2.6% overall with growth of 6% for Richmond and 2.8% for Kingston and Blackmans Bay. Reference has already been made to the significant initiatives that took place in 2003/04 in both New Norfolk and Kingston/Blackmans Bay.

In March Hobart Coaches introduced a new blue and burgundy corporate logo together with new uniforms for staff and a separate website.

Hobart Coaches reported an operating profit of \$2,000 for 2003/04.



SALLY DENNY
CHAIRPERSON



Patronage

In recent annual reports the need for Metro to address the historical decline in patronage has been highlighted.

The most significant factor affecting the performance of the company remains the continuing decline in patronage"

..... 1998/1999

The most challenging issue for the company remains the battle to retain and regain patronage on its services"

..... 1999/2000

In 1998 Metro engaged internationally renowned consultants Booz Allen Hamilton to undertake a major study to identify the future likely trends as well as exploring the potential of initiatives that could be undertaken. This study was completed in 1999 and essentially predicted a continuation of past trends with an expected decline in patronage of about 2.5% per annum.

The patronage outcome for 2003/04 is not only an increase of 1.4% on the 2002/03 result, but more importantly it is a massive 15.8% greater than the predicted "trend following" estimate made for 2003/04 in 1999 - almost 1.1 million extra passengers than forecast at that time.

It is also important to note that this growth in patronage levels has occurred in an environment where the total expenditure on Metro operations, in real terms, has been slowly declining.

The conclusion is thus that Metro is becoming more effective at what we do (more people wanting to use our services) whilst also becoming more efficient.

Some of the factors that have contributed to this performance are:

- Progressive reviews of services to better match customer needs;
- An increased focus on customer service and customer service training - helpful and friendly staff;
- The commencement of a bus replacement program;
- Sustained promotion and advertising of services;
- Diligent oversight of expenditure.

All Metro staff can be proud of this achievement.

The future holds much promise for Metro with an expectation that the turnaround in patronage trends can be built upon. As an indication of this Metro's budget forecasts for 2004/05 are based on bettering the 8,000,000 mark for passenger first boardings for the first time since 1997/98.

A factor that is encouraging Metro to be more optimistic in patronage forecasts is the current expectations for fuel prices over the coming year. The potential for Metro to attract more people back to public transport is good, given that the cost of private travel is highlighted every time people fill up their cars.

Other Key Milestones

In just the same way that breaking 8,000,000 first boardings for the coming financial year will be a major milestone objective for Metro, there were two major milestones achieved by the company in 2003/04.

Over recent years Metro has been provided with an exemption from the Anti-Discrimination Act in order to employ only women as new drivers so as to achieve a gender balanced workforce. In 2003/04 Metro did not seek to extend this exemption and there was a return to employment on solely the basis of merit. By the end of June 2004 the proportion of Metro bus operators that were female was 40% (39% for Hobart, 48% in Launceston and 24% for Burnie). The change in the composition of Metro's workforce has assisted the change to an organisation focussing on customer service rather than the operation of heavy transport vehicles. This change has been a contributing factor in helping to sustain a turnaround in patronage levels over an extended period for the first time since the second world war.

The second key milestone achieved in 2003/04 was the signing of an enterprise agreement (EBA) for Metro's bus operators. Agreement was reached in December 2003 after a period of active negotiations and a number of stop-work meetings to consider proposals. This agreement provided for an immediate 4% increase on 14 December 2003 and a further 4% in January 2005, the anniversary of the registration of the EBA. To offset these additional costs a number of changes were made to work practices that improved the efficiency of Metro's operations. The EBA lasts for two years and expires on 5 January 2006.

Metro Sponsorship And Community Support

Metro undertakes a range of sponsorships as part of its strategy to increase its profile amongst key client groups and as a consequence help promote the long-term use of Metro services.

Metro also donates transport services, provides financial assistance or supports a range of community organisations in other ways. Metro, and Metro staff, are proud to be an active part of the Tasmanian community where we live and work.



Laurie Hansen
CHIEF EXECUTIVE OFFICER



Except as indicated, information regarding Metro's subsidiary, Hobart Coaches, has not been included in statistics and performance indicators. It is deemed that incorporation of such information would distort comparisons.

Timetabled Services

The number of first boardings by passenger category on timetabled services, excluding charter and contract services, were:-

Passenger	Number of Trips		% Composition		Increase (Decrease) to Previous Year
	2002/03 000's	2003/04 000's	2002/03 %	2003/04 %	
Adult Full Fare	1,676	1,678	21.4	21.1	0.1
Adult Concession	2,906	2,935	37.1	37.0	1.0
Child & Student	3,255	3,330	41.5	41.9	2.3
TOTAL:	7,837	7,943	100.0	100.0	1.4

Note: Figures may not add up exactly due to rounding.

Prepaid Ticket Use by Fare Category (percentage of First Boardings Timetabled Services)

	Adult Full Fare %	Adult Concession %	Child/Student %	Total All Categories %
1997/98	32.3	22.9	66.3 (ii)	50.9 (i)
1998/99	31.9	22.1	62.8 (ii)	49.9 (i)
1999/00	32.0	20.7	63.0 (ii)	48.6 (i)
2000/01	33.3	20.2	62.2 (ii)	47.7 (i)
2001/02	33.3	20.2	60.7 (ii)	46.4 (i)
2002/03	34.0	20.0	59.5 (ii)	46.2 (i)
2003/04	34.5	20.3	58.2 (ii)	46.6 (i)

(i) Total All Categories - free trips made by eligible school children are included as "pre-paids".

(ii) Child/Student statistics exclude free school trips.

Passenger Trips (number of passenger trips for the year including transfers, charter and contract services)

	Hobart	Launceston	Burnie	Total
1994/95	8,750,000	2,270,000	750,000	11,770,000
1995/96	8,583,000	2,261,000	714,000	11,558,000
1996/97	7,908,000	2,086,000	645,000	10,639,000
1997/98	7,390,000	1,993,000	613,000	9,996,000
1998/99	7,165,000	1,855,000	548,000	9,568,000
1999/00	7,056,000	1,807,000	516,000	9,379,000
2000/01	7,167,000	1,950,000	509,000	9,626,000
2001/02	7,191,000	1,903,000	532,000	9,626,000
2002/03	7,177,000	1,819,000	546,000	9,542,000
2003/04	7,243,000	1,847,000	530,000	9,620,000

Number of Buses in Service (as at 30 June 2004)

	Hobart Coaches Fleet		Metro Fleet		Total
		Hobart	Launceston	Burnie	
M.A.N.	1	10	9	3	23
Mercedes Benz	1	-	-	-	1
Scania	11	76	41	13	141
Scania Low Floor	-	27	-	-	27
Volvo Articulated	1	21	-	-	22
Hino Rainbow	-	2	-	-	2
	14	136	50	16	216



Engineering ⁽ⁱ⁾

	2002/03	2003/04
Percentage of vehicles in excess of maximum daily demand	10.9	11.1

Work Performance ⁽ⁱⁱ⁾

Average FTE's per vehicle	1.83	1.81
Sick leave days per full time equivalent employee	6.8	7.2
Number of work injuries	63	64
Number of employees at 30 June	412	405
Average FTE's during year	367.7 ⁽ⁱⁱⁱ⁾	365.6 ⁽ⁱⁱⁱ⁾
Number of employees entering service	40	24
Number of employees leaving service	34	31

(i) Includes Hobart Coaches fleet.

(ii) Excludes Hobart Coaches Statistics.

(iii) Apprentices who are employed under contract from regional training boards are excluded.

Web Site

Metro provides access to a wide range of information through its web site; www.metrotas.com.au. The site provides a comprehensive source of information on Metro and its services. During the year a new layout was introduced for the Metro site providing a more user-friendly interface. Additionally PDF versions of all timetables and route maps have been introduced which have proved extremely popular. Until March 2004 information on Hobart Coaches was accessed via the Metro website.

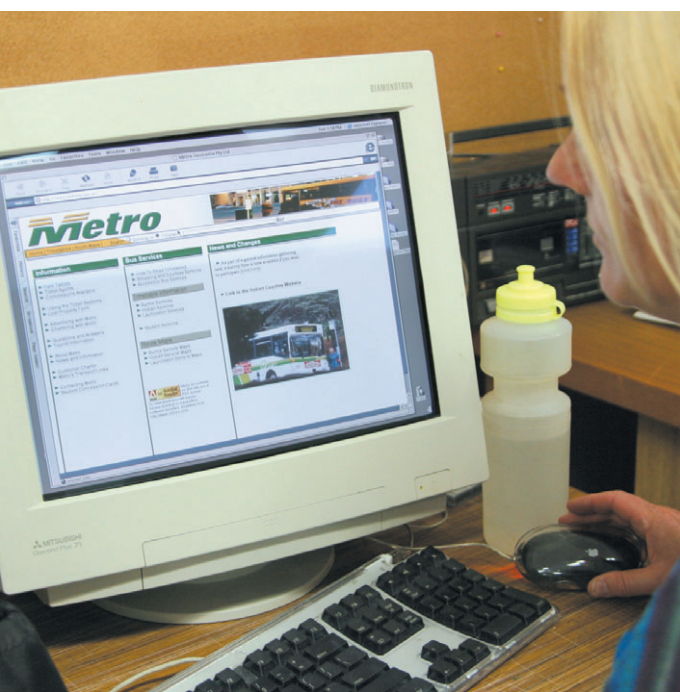
In March 2004 Hobart Coaches introduced its own separate website; www.hobartcoaches.com.au. This coincided with the provision of Metro ticketing and an expanded service timetable for Kingston and Blackmans Bay. The new Hobart Coaches website has been very popular with passengers wishing to obtain details of the Kingston and Blackmans Bay service changes.

Some web page statistics for the combined sites are shown below:

	2002/03	2003/04
• Requested items:	1,237,000	2,737,000
• Requested pages:	316,000	345,000
• Distinct hosts served:	19,000	22,479
• Average requests per day:	3,389	5,462
• Average data transferred per day (Mbytes):	82.64	88.95

Public Interest Disclosures

The *Public Interest Disclosure Act* came into force on 1 January 2004. Metro has adopted procedures for the disclosure and investigation of potential improper conduct or detrimental action. Metro's procedures manual and complaint lodgement forms are available on Metro's web site, or at its Principal Offices. There were no complaints lodged regarding Metro during 2003/04.





The Directors of Metro Tasmania Pty Ltd submit herewith the financial report for the year ended 30 June 2004.

Principal Activities

Metro's principal activity during the financial year was the provision of bus passenger transport services in the Tasmanian urban centres of Hobart, Launceston and Burnie and its subsidiary operated services to Kingston/Blackmans Bay, Channel, Richmond and New Norfolk.

Overview of Operations

Metro and its controlled entity achieved a profit of \$63,000 for the financial year. This is another pleasing result after the consolidated profit for last financial year of \$80,000. These results are particularly significant as Metro's contract arrangements are based on break-even outcomes.

Patronage increased in 2003/04 in both Metro (1.4%) and Hobart Coaches (2.6%). This is another pleasing result for patronage, which continues to be considerably better than long-term trend up to 2000/01 of a 2.5% annual decline, and consultant predictions prepared in the late 1990's.

Further comment on operations is included in the Chairperson's Review and the Chief Executive Officer's Review.

Changes in State Of Affairs

During the twelve months there was no significant change in the state of affairs of the entity other than that referred to in the financial statements or notes thereto.

Superannuation Declaration

The company has met its obligations under the Superannuation Guarantee (Administration) Act 1992 in respect of those employees who are members of a complying superannuation scheme to which Metro contributes. Metro also has a defined benefit scheme, under the Retirement Benefits Act 1993, which is subject to actuarial valuations and covers current and former employees.

Subsequent Events

There has not been any matter or circumstance other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operation of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operation of the entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the entity. Accordingly, this information has not been disclosed in this report.

Dividends

No dividend is payable in respect of Metro's operating profit this year and no dividend was paid in respect of last years operating profit

Directors' Remuneration

Fees paid to Directors are set by the Minister representing the Crown. During the twelve months, no Director has received, or become entitled to receive, a benefit by reason of a contract made by the Company with a Director or with a firm of which he or she is a member or an entity in which he or she has a financial interest.

Indemnification of Directors and Officers

During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company, the Company Secretary and all Executive Officers of the Company and its related body corporate against potential liabilities to the extent permitted by Corporations Law.

Corporate Governance

Corporate Governance is the system by which the activities of a company are controlled and coordinated in order for the company to achieve its desired outcomes.

As a state owned company the Board of Directors is responsible to its shareholders, The Minister for Infrastructure, Energy and Resources and The Treasurer in meeting the aspirations of the state government and it directs management accordingly.

The Board performs this role by:

- Appointing and monitoring the performance of the Chief Executive Officer;
- Clearly identifying and enunciating the strategic direction for Metro;
- Identifying and addressing the principal risks for Metro;
- Monitoring the conduct and performance of the company through an integrated framework of controls;
- Ensuring all Metro's business is conducted in an honest, open and ethical manner; and
- Ensuring adequate succession planning is undertaken

A review of corporate governance practices within Metro was undertaken during the year as part of the board's commitment to achieving a high standard of governance.

Internal Audit Committee

Metro has an Internal Audit Committee, which during the year was constituted of members of the Board and was chaired by the Chairperson of the Board. This committee closely monitors the operational and financial aspects of the Company's activities in conjunction with the internal auditors and develops strategies for action regarding financial and operational risks facing the Company.

Risk Management

During the year a three-phase risk management strategy was developed which involves the identification of risks in all areas of the organisation, the development of action plans to mitigate these risks and the ongoing review and monitoring of these plans to ensure that Metro's overall risk management strategy is adequately addressed.

continued....




Rounding Off of Amounts

Metro is a company of the kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order amounts in the Directors Report and the Financial Report have been rounded off to the nearest thousand dollars.

Signed in accordance with the resolutions of the Directors made pursuant to Section 298 (2) of the Corporations Act 2001.

On behalf of the Directors



Sally Denny
CHAIRPERSON

17 September 2004
HOBART

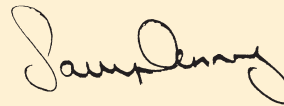
Directors' Declaration

In the Directors' opinion:

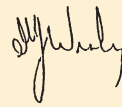
- (a) The attached Statement of Financial Performance of the Company gives a true and fair view of the company's profit for the financial year ended 30 June 2004;
- (b) The attached Statement of Financial Position of the Company gives a true and fair view of the company's state of affairs as at 30 June 2004; and
- (c) There are, when this statement is made out, reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors made pursuant to S. 295(5) of the Corporations Act 2001.

On behalf of the Directors.



Sally Denny
CHAIRPERSON OF THE BOARD OF DIRECTORS



Michael Wisby
MEMBER OF THE BOARD OF DIRECTORS

Hobart, 13 August 2004.





To the Members of Metro Tasmania Pty Ltd

Scope

The financial report and the Directors' responsibilities

The financial report comprises the Statement of Financial Position, Statement of Financial Performance, Statement of Cash Flows, accompanying notes to the financial statements, and the Directors' declaration for Metro Tasmania Pty Ltd and the consolidated entity for the year ended 30 June 2004. The consolidated entity comprises both Metro Tasmania Pty Ltd and Metro Coaches Pty Ltd.

The Directors are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

I conducted an independent audit in order to express an opinion to the members of the Company. My audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

I performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with my understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

I formed my audit opinion on the basis of these procedures, which included: -

- Examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- Assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While I considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of my procedures, my audit was not designed to provide assurance on internal controls.

The Audit Opinion expressed in this report has been formed on the above basis.

Independence

In conducting my audit, I followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In my opinion the financial report of Metro Tasmania Pty Ltd is in accordance with:

- a. Corporations Act 2001, including:
 - I. Giving a true and fair view of the financial position of Metro Tasmania Pty Ltd and the consolidated entity at 30 June 2004 and their performance for the year ended on that date, and
 - II. Complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b. Other mandatory financial reporting requirements in Australia.

TASMANIAN AUDIT OFFICE



H M Blake
Auditor-General

31 August 2004
HOBART



		Consolidated		Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Current Assets	Note				
Cash Assets	19 (a)	2 445	4 599	2 444	4 598
Receivables	2	946	652	907	611
Inventories	3	793	795	792	791
Other Financial Assets	4	5 990	5 688	5 990	5 688
Other	5	460	560	450	550
Total Current Assets		10 634	12 294	10 583	12 238
Non-Current Assets					
Property, Plant and Equipment	6	32 379	24 538	31 520	23 546
Intangibles	7	79	95	0	0
Other	8	193	193	1 593	1 593
Total Non-Current Assets		32 651	24 826	33 113	25 139
Total Assets		43 285	37 120	43 696	37 377
Current Liabilities					
Payables	9	2 626	2 018	3 197	2 442
Interest-Bearing Liabilities	10	2 826	169	2 826	169
Provisions	11	4 959	5 511	4 925	5 478
Total Current Liabilities		10 411	7 698	10 948	8 089
Non-Current Liabilities					
Interest-Bearing Liabilities	10	35	2 861	35	2 861
Provisions	11	11 289	9 775	11 261	9 749
Total Non-Current Liabilities		11 324	12 636	11 296	12 610
Total Liabilities		21 735	20 334	22 244	20 699
Net Assets		21 550	16 786	21 452	16 678
Equity					
Contributed Equity	12	15 503	15 503	15 503	15 503
Reserves	13	5 704	1 017	5 665	954
Retained Profits	14	343	266	284	221
Total Equity	15	21 550	16 786	21 452	16 678

The Statement of Financial Position is to be read in conjunction with the accompanying Notes to the Financial Statements.



	Note	Consolidated		Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Revenue					
Revenue from Traffic Operations		30 457	28 877	29 164	27 555
Other Revenues from Ordinary Activities		1 351	1 169	1 405	1 352
		31 808	30 046	30 569	28 907
Expenses					
Traffic Operations		(23 474)	(22 263)	(22 548)	(21 458)
Engineering and Maintenance Services		(4 403)	(3 956)	(4 127)	(3 740)
Administration and General		(3 667)	(3 532)	(3 632)	(3 461)
Borrowing Cost Expense		(201)	(215)	(201)	(215)
		(31 745)	(29 966)	(30 508)	(28 874)
Profit / (Loss) From Ordinary Activities Before Taxation Equivalent	18	63	80	61	33
Taxation Equivalent Benefit Relating to Ordinary Activities	20	0	0	0	0
Net Profit / (Loss)		63	80	61	33
Non-Owner Transaction Changes in Equity					
Net Increase / (Decrease) in Equity on the Initial Adoption of Revised AASB 1028 'Employee Benefits'		0	(482)	0	(474)
Total Revenue, Expense and Valuation Adjustments Attributable to Members of the Parent Equity Recognised Directly in Equity		0	(482)	0	(474)
Total Changes in Equity Other Than Those Resulting from Transactions with Owners as Owners	15	63	(402)	61	(441)

The Statement of Financial Performance is to be read in conjunction with the accompanying Notes to the Financial Statements.



	Note	Consolidated		Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Cash Flows From Operating Activities					
Inflows					
Receipts from Customers		32 360	30 848	31 249	29 860
Interest Received		477	458	517	594
		32 837	31 306	31 766	30 454
Outflows					
Payments to Suppliers and Employees		28 062	27 931	26 987	27 043
Payments for Interest Expense		227	215	201	215
		28 289	28 146	27 188	27 258
Net Cash Provided by Operating Activities	19(b)	4 548	3 160	4 578	3 196
Cash Flows From Investing Activities					
Inflows					
Proceeds on Disposal of Property, Plant & Equipment		123	996	65	957
Proceeds on Disposal of Investments		0	5 547	0	5 547
		123	6 543	65	6 504
Outflows					
Purchase of Property, Plant and Equipment		6 354	2 608	6 326	2 605
Purchase of Investments		302	5 910	302	5 910
		6 656	8 518	6 628	8 515
Net Cash Used in Investing Activities		(6 533)	(1 975)	(6 563)	(2 011)
Cash Flows From Financing Activities					
Outflows					
Retirement of Treasury Borrowings		169	4	169	4
Payment of Dividend		0	286	0	286
		169	290	169	290
Net Cash Used in Financing Activities		(169)	(290)	(169)	(290)
Net Increase in Cash Held		(2 154)	895	(2 154)	895
Cash at Beginning of Financial Year		4 599	3 704	4 598	3 703
Cash at End of Financial Year	19(a)	2 445	4 599	2 444	4 598

The Statement of Cash Flows is to be read in conjunction with the accompanying Notes to the Financial Statements.



1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

Metro Tasmania Pty Ltd was incorporated on 2 February 1998 under the Metro Tasmania Act 1997. This company is the successor in law of Metropolitan Transport Trust. On the date of incorporation the property of the Trust was vested in Metro Tasmania Pty Ltd and the liabilities of the Trust became the liabilities of Metro Tasmania Pty Ltd.

Shares issued to the Members of the Company (2 shares at \$1 each) are held in trust for the Crown by the Stakeholder Minister (The Treasurer) and the Portfolio Minister (Minister for Infrastructure, Energy & Resources).

Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with applicable Accounting Standards, Urgent Issues Groups Consensus Views and the Corporations Act 2001.

The financial statements have been prepared on an historical cost basis and do not take into account changing money values, except for land, buildings and buses which are measured at fair value.

(b) International Financial Reporting Standards

The impacts of the conversion to International Reporting Financial Standards (IFRS), effective 1 January 2005, have been reviewed. Key staff members have undertaken training to ensure that they are up to date with the expected changes to the reporting requirements and have considered the impact of adopting IFRS on the accounting policies of the Company.

The main impact of adopting Australian equivalents to IFRS from 1 January 2005 for Metro Tasmania Pty Ltd is the change to the discount rate used to calculate the value of the retirement benefits liability (a defined benefits plan). The discount rate currently used by the Actuary is to change from a rate based on expected earnings to a high quality corporate bond rate. It is anticipated that the change in the discount rate of about 1% will result in an increase in the valuation of the retirement benefit liability by approximately 13%. The application of the new Australian Equivalents to IFRS for the 2005/2006 financial year will require the comparative figures to be restated and the increase in the valuation will be accounted for directly to retained profits (as the new standards cannot be adopted prior to 1 January 2005. At that time the Company is required to restate the comparatives as though the standards have always been applied). This is in accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* which will require retrospective application of the new Australian equivalents to IFRS from 1 July 2004, with limited exceptions. Similarly, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires the changes in accounting policies as a result of applying Australian equivalents to IFRS to be accounted for retrospectively by restating the comparatives and adjusting the opening balance of retained earnings. To date we are not able to accurately quantify the one-off increase in retirement benefits. It will result in a significant reduction in the Company's equity upon adoption of the Australian equivalents to IFRS.

AASB 136 *Impairment of Assets* is to be applied in determining whether and item of property, plant and equipment is impaired and in accounting for the losses or compensation from third parties (which are to be included in the profit and loss account when compensation becomes receivable). The value of property, plant and equipment that is restored, purchased or constructed as replacements for impairments or losses is to be determined in accordance with AASB 116 *Property, Plant & Equipment*.

(c) Basis of Valuation of Non-Current Assets

Non-current assets have been valued at cost, with the exception of land, buildings and the bus fleet, which were independently valued at 30 June 2004 which equates to fair value. Refer Notes 6(b) and 6(c).

(d) Borrowings

Loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accruals basis.

(e) Depreciation

Fixed assets other than freehold land and the bus fleet have been depreciated over their useful lives using the straight-line method. The following estimated useful lives are used in calculation of depreciation:

Buildings	40 years
Route Infrastructure	10 years
Other Plant and Equipment	10 years
Electronic Ticketing	5 years
Information Technology Equipment	4 years
Auxiliary Vehicles	4 years

The bus fleet has been depreciated using the depreciation profile recommended in Anderson's 2001 valuation report, the "Adjusted Industry Rule of Thumb".



(f) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except for receivables and payables that are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from the ATO, are classified as operating cash flows.

(g) Licences

Licences held by the subsidiary company, which allow it to operate timetabled services on specified routes and provide charter services, have been recorded at cost and amortised on a straight line basis over a period of 10 years.

(h) Investments

Funds are invested as authorised by the Trustee Act 1898. Funds are managed by an external fund manager. Investments are in the form of a "cash indexed guarantee fund". Interest income is brought to account on the basis of the fund book value. Investments are carried at the lower of cost and recoverable amount.

(i) Inventories

Inventories have been valued at the lower of average cost or net realisable value, with the exception of reconditioned stock which is valued at the lower of historic cost or net realisable value. Inventories consist of bus spare parts, fuel and consumable stores.

(j) Employee Benefits

(i) Retirement Benefits Fund Entitlements

The provision for Retirement Benefits covers employees who are contributory members, former employees in receipt of pension, and preserved entitlements retained for former employees. With respect to contributors, their scheme is a defined benefits scheme.

Each year, the State Actuary conducts a valuation of the past service and accrued liabilities within the Retirement Benefits Fund defined benefit scheme at the reporting date. Any shortfall between the value of these benefits and the market value of the Retirement Benefits Fund assets relevant for those members determines the value of any unfunded superannuation liability, and is shown as a liability in the Statement of Financial Position.

The funding status of Metro Tasmania's share of the defined benefit schemes at the reporting date, based on actuarial valuations, is summarised as follows:

Retirement Benefits Act 1993	30 June 2004
	\$
Vested Benefits	18,207,705
Accrued Benefits	17,296,672
Net Market Value of Plan Assets	4,917,671
Deficit	12,379,002

The assumptions that were used to determine these amounts are set out in a Report prepared by Price Waterhouse Coopers, dated July 2004. The main economic assumptions were:

Discount Rate	7.0%	p.a.
Salary Increase Rate	4.5%	p.a.
AWOTE Increases	4.0%	p.a.
CPI Increases	2.5%	p.a.

(ii) Compensated Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave, when it is probable that settlement will be required and it is capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave and long service leave, expected to be settled within 12 months of the reporting date, have been calculated at undiscounted amounts based on remuneration rates that Metro expects to pay including related on-costs in accordance with AASB 1028 'Employee Benefits'.

The provision for long service leave not expected to be settled within 12 months of the reporting date is measured as the net present value of the estimated future cash outflows to be made resulting from past service of employees up to the reporting date. The provision is calculated using expected future increases in wage and salary rates including related on-costs. The expected settlement dates have been adjusted for turnover history and is discounted using the Wage Inflation and Discount Rate supplied by the Department of Treasury and Finance.

Sick leave entitlements are non-vesting and are expensed as incurred; consequently no provision has been made in the financial statements.



(k) Provisions

A provision is recognised when there is a legal, equitable or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation, the timing or amount of which is uncertain.

Dividends

Provisions for dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash. No dividend was recommended by the Board prior to the end of the current financial year.

(l) Taxation

Tax-effect accounting principles are adopted whereby income tax equivalent expense is calculated on pre-tax accounting profits after adjustment for permanent differences. Tax-effect of timing differences, which occur when items are included or allowed for income tax equivalent purposes in a period different to that for accounting, is shown at current taxation rates in the deferred tax assets and deferred tax liabilities, as applicable.

In the ASIC's view, for the 'virtually certain' test to be satisfied in respect of income tax equivalent losses, there must be an extremely high level of probability (only marginally less than absolute certainty) that the deferred tax asset will be realised.

During the financial year, the directors elected that the company and its wholly-owned Australian resident entities would join a tax-consolidated group. As a result, all income tax expenses, revenues, assets and liabilities of the members of the tax-consolidated group are recognised in the financial statements of the parent entity.

(m) Principles of Consolidation

The consolidated financial statements have been prepared by combining the financial statements of all the entities that comprise the economic entity, being Metro Tasmania Pty Ltd (the parent entity) and its controlled entity Metro Coaches (Tas) Pty Ltd. Refer Note 24. Consistent accounting policies have been employed in the preparation and presentation of the consolidated financial statements.

In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the economic entity are eliminated in full.

(n) Revenue Recognition

Traffic operation revenue is recognised at the time the service is provided.

(o) Segment Reporting

Metro Tasmania Pty Ltd operates bus services in Hobart, Launceston and Burnie. There are no reportable segments as the economic risks and returns in each location are relatively the same given the CSA contract with Government.

2. Receivables

Accounts Receivable
Less Provision for Doubtful Debts

Movements in Provision for Doubtful Debts
Balance Brought Forward
Add Increase / (Less Decrease) to Provision

Less Amounts Written Off
Balance Brought Forward

Consolidated		Company	
2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
946	653	907	612
0	(1)	0	(1)
946	652	907	611
<hr/>			
1	10	1	10
1	6	1	6
2	16	2	16
(2)	(15)	(2)	(15)
0	1	0	1

All delinquent accounts have been reviewed and it is considered that the provision of \$343 (2003 \$1,458) is adequate. Debts of \$1,458 (2003 \$15,171) have been written off as unrecoverable.



3. Inventories

	Consolidated		Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Inventories	859	861	858	857
Less Provision for Obsolescence	(66)	(66)	(66)	(66)
	793	795	792	791
<i>Movements in Provision for Stock Obsolescence</i>				
Balance Brought Forward	66	72	66	72
Add Adjustment to Provision	0	0	0	0
	66	72	66	72
Less Disposals and Amounts Written Off	0	(6)	0	(6)
Balance Brought Forward	66	66	66	66

Provision of \$65,608 (2003 \$65,780) has been made for obsolete and damaged stock and to reduce the value of stock to the lower of average cost (with the exception of reconditioned stock which is at historical cost) or realisable value.

4. Other Financial Assets

	Consolidated		Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Shares in Controlled Entity - One \$1 Share	0	0	0	0
<i>Current Investments - At Market Value</i>				
Cash Indexed Guaranteed Fund	5 990	5 688	5 990	5 688

Note 25

5. Other Current Assets

	Consolidated		Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Prepayments	460	560	450	550



6. Property, Plant and Equipment

	Company			
	Balance at 1 July 2003 \$000's	Additions \$000's	Disposals \$000's	Balance at 30 June 2004 \$000's
Gross Carrying Amount				
Land & Buildings - At Independent Valuation June 2004	7 892	42	0	1 552
Route Infrastructure - At Cost	1 863	51	0	0
Office Equipment - At Cost	2 737	93	(3)	0
Electronic Ticketing & Communication Equipment - At Cost	3 456	27	0	0
Plant & Equipment - At Cost	1 001	8	0	0
Auxiliary Vehicles - At Cost	495	120	(68)	0
Buses - At Independent Valuation June 2004	18 997	5 146	(38)	(4 201)
Work in Progress - At Cost	43	838	0	0
	<u>36 484</u>	<u>6 325</u>	<u>(109)</u>	<u>(2 649)</u>
				<u>40 051</u>

	Company			
	Balance at 1 July 2003 \$000's	Additions \$000's	Disposals \$000's	Balance at 30 June 2004 \$000's
Accumulated Depreciation				
Land & Buildings - At Independent Valuation June 2004	210	0	106	(316)
Route Infrastructure - At Cost	1 475	0	63	0
Office Equipment - At Cost	2 200	(3)	211	0
Electronic Ticketing & Communication Equipment - At Cost	3 372	0	21	0
Plant & Equipment - At Cost	867	0	21	0
Auxiliary Vehicles - At Cost	264	(59)	99	0
Buses - At Independent Valuation June 2004	4 551	(16)	2 511	(7 046)
Work in Progress - At Cost	0	0	0	0
	<u>12 939</u>	<u>(78)</u>	<u>3 032</u>	<u>(7 362)</u>
				<u>8 531</u>

Net Book Value

		2004 \$000's	2003 \$000's
Land & Buildings - At Independent Valuation June 2004	Note 1(c)	9 486	7 682
Route Infrastructure - At Cost		376	388
Office Equipment - At Cost		419	537
Electronic Ticketing & Communication Equipment - At Cost		90	84
Plant & Equipment - At Cost		121	134
Auxiliary Vehicles - At Cost		243	231
Buses - At Independent Valuation June 2004	Note 1(c)	19 904	14 446
Work in Progress - At Cost		881	43
		<u>31 520</u>	<u>23 546</u>



6. Property, Plant and Equipment *continued*

	Consolidated				Balance at 30 June 2004 \$000's
	Balance at 1 July 2003 \$000's	Additions \$000's	Disposals \$000's	Revaluation \$000's	
Gross Carrying Amount					
Land & Buildings - At Independent Valuation June 2004	7 892	42	0	1 552	9 486
Route Infrastructure - At Cost	1 878	78	0	0	1 956
Office Equipment - At Cost	2 738	93	(3)	0	2 828
Electronic Ticketing & Communication Equipment - At Cost	3 479	27	0	0	3 506
Plant & Equipment - At Cost	1 001	8	0	0	1 009
Auxiliary Vehicles - At Cost	495	120	(68)	0	547
Buses - At Independent Valuation June 2004	20 186	5 146	(103)	(4 516)	20 713
Work in Progress - At Cost	43	838	0	0	881
	<u>37 712</u>	<u>6 352</u>	<u>(174)</u>	<u>(2 964)</u>	<u>40 926</u>

	Consolidated				Balance at 30 June 2004 \$000's
	Balance at 1 July 2003 \$000's	Disposals \$000's	Depreciation \$000's	Revaluation \$000's	
Accumulated Depreciation					
Land & Buildings - At Independent Valuation June 2004	210	0	106	(316)	0
Route Infrastructure - At Cost	1 479	0	65	0	1 544
Office Equipment - At Cost	2 200	(3)	211	0	2 408
Electronic Ticketing & Communication Equipment - At Cost	3 379	0	23	0	3 402
Plant & Equipment - At Cost	867	0	21	0	888
Auxiliary Vehicles - At Cost	264	(59)	99	0	304
Buses - At Independent Valuation June 2004	4 774	(29)	2 603	(7 348)	0
Work in Progress - At Cost	0	0	0	0	0
	<u>13 173</u>	<u>(91)</u>	<u>3 128</u>	<u>(7 664)</u>	<u>8 546</u>

Net Book Value

		2004 \$000's	2003 \$000's
Land & Buildings - At Independent Valuation June 2004	Note 1(c)	9 485	7 681
Route Infrastructure - At Cost		412	399
Office Equipment - At Cost		420	538
Electronic Ticketing & Communication Equipment - At Cost		104	100
Plant & Equipment - At Cost		121	134
Auxiliary Vehicles - At Cost		243	231
Buses - At Independent Valuation June 2004	Note 1(c)	20 713	15 412
Work in Progress - At Cost		881	43
		<u>32 379</u>	<u>24 538</u>

(a) Disposal of Non-Current Assets

Fixed assets of written down value \$82,044 (2003 \$994,632) were sold during the year and assets of a written down value of nil (2003 \$31,434) were written off during the year. Gross proceeds of \$121,248 (2003 \$996,080) were received, resulting in a profit / (loss) on sale of \$39,204 (2003 \$(29,986)).

(b) Valuation of Land and Buildings

An independent valuation of Freehold Land and Buildings was performed as at 30 June 2004 by Mr A Pitt Dip.Val. AAPI AREI Certified Practising Valuer of Saunders & Pitt. This valuation was performed on the basis of "current market value in the existing use".

(c) Valuation of Buses

An independent valuation of "in service" buses was performed as at 30 June 2004 by Mr R.A. van Raay AAPI, ASA (M&TS), AIMM Certified Practising Valuer (P&M) of Ernst & Young. The valuation was performed on the basis of "market value for existing use". This approach assumes that the asset could be sold in the market for its existing use.



7. Intangibles

		Consolidated		Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Licences - At Cost	Note 1 (g)	161	161	0	0
Less Accumulated Amortisation		(82)	(66)	0	0
		79	95	0	0

8. Other Non Current Assets

	Consolidated		Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Loan to Subsidiary, Metro Coaches (Tas) Pty Ltd	0	0	1 400	1 400
Receivables	193	193	193	193
	193	193	1 593	1 593

9. Payables

	Consolidated		Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Payables	2 626	2 018	3 197	2 442

10. Interest Bearing Liabilities

	Consolidated		Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Tascorp Borrowings	2 792	2 792	2 792	2 792
Treasury Borrowings	69	238	69	238
Total Borrowings	2 861	3 030	2 861	3 030
Movements in Borrowings				
Current:				
Not later than 1 year	2 826	169	2 826	169
Non-Current				
Later than 1 year and not later than 2 years	35	2 861	35	2 861
Total Borrowings	2 861	3 030	2 861	3 030

11. Provisions

		Consolidated		Company	
		2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Current					
Retirement Benefits	Note 1 (j)(i)	2 802	2 382	2 802	2 382
Compensated Benefits*	Note 1 (j)(ii)	1 973	2 787	1 940	2 754
Workers Compensation		184	184	184	184
Revenue Maintenance Payment		0	158	0	158
		4 959	5 511	4 925	5 478
Non-Current					
Retirement Benefits	Note 1 (j)(i)	9 577	9 205	9 577	9 205
Compensated Benefits*	Note 1 (j)(ii)	1 712	570	1 684	545
		11 289	9 775	11 261	9 749
		16 249	15 286	16 186	15 228

*The aggregate employee benefits as at 30 June 2004 are \$3,886,095 (2003 \$4,030,636)

Annual Leave \$1,284,429 (2003 \$1,190,213)

Long Service Leave \$2,400,660 (2003 \$2,167,950)

Accrued Wages \$201,006 (2003 \$672,473) (disclosed in payables)



12. Contributed Equity

Issued Capital

Two shares of \$1 each

Equity

Add Transfer from Retained Profits

Commonwealth Contributions to National Debt Commission

Consolidated		Company	
2004	2003	2004	2003
\$000's	\$000's	\$000's	\$000's
15 503	15 502	15 503	15 502
0	1	0	1
15 503	15 503	15 503	15 503

13. Reserves

Reserves Comprise

Asset Revaluation Reserve

Movements in Reserves - Asset Revaluation Reserve

Balance at Beginning of Financial Year

Revaluation of Land

Revaluation of Buildings

Revaluation of Bus Fleet

Disposal of Revalued Buses

Disposal of Revalued Land

Disposal of Revalued Building

Balance at End of Financial Year

Consolidated		Company	
2004	2003	2004	2003
\$000's	\$000's	\$000's	\$000's
5 704	1 017	5 665	954
1 017	1 192	954	1 120
1 749	0	1 749	0
119	0	119	0
2 833	0	2 845	0
(14)	(10)	(2)	(1)
0	5	0	5
0	(170)	0	(170)
5 704	1 017	5 665	954

The asset revaluation reserve arises on revaluation of non-current assets. Where a revalued asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred to retained profits.

14. Retained Profits

Balance at Beginning of Financial Year

Net Profit / (Loss)

Transfer from Asset Revaluation Reserve

Transfer to Contributed Equity on Formation

Increase / (Decrease) in Retained Profits Due to Change in

Accounting Policy on Adoption of:

Revised AASB 1028 "Employee Benefits"

Balance at End of Financial Year

Consolidated		Company	
2004	2003	2004	2003
\$000's	\$000's	\$000's	\$000's
266	494	221	497
63	80	61	33
14	175	2	166
0	(1)	0	(1)
0	(482)	0	(474)
343	266	284	221

15. Total Equity

Total Equity at Beginning of Financial Year

Total Changes in Equity Recognised in the Statement of Financial Performance

Revaluation of Assets

Increase / (Decrease) in Equity Due to Change in Accounting

Policy on Adoption of:

Revised AASB 1028 "Employee Benefits"

Total Equity at End of Financial Year

Consolidated		Company	
2004	2003	2004	2003
\$000's	\$000's	\$000's	\$000's
16 786	17 188	16 678	17 119
63	80	61	33
4 701	0	4 713	0
0	(482)	0	(474)
21 550	16 786	21 452	16 678



16. Directors' Remuneration

The Board of Directors of Metro Tasmania Pty Ltd was composed of the following individuals during 2004:

Sally Denny (Chairperson)
 Michael Wisby (Deputy Chairperson)
 Ketrina Clarke
 Fred Van Buren (retired 27 December 2003)
 Janie Dickenson
 Robert Flanagan (from 23 February 2004)

Directors fees of \$67,546 (2003 \$48,719) and superannuation contributions of \$6,237 (2003 \$4,189) were paid in the period to 30 June 2004.

The number of Directors whose total remuneration falls within each successive \$10 000 band of income:

	Company	
	2004 \$000's No.	2003 \$000's No.
\$0 - \$9,999	2	3
\$10,000 - \$19,999	3	1
\$20,000 - \$29,999	1	1

There were no transactions with Directors or Director related entities during the financial year.

17. Auditor's Remuneration

Amounts payable to the Auditor-General in respect of Auditing the Financial Report for year ended 30 June 2004

Consolidated		Company	
2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
48 900	46 700	48 900	46 700

18. Profit from Ordinary Activities

Profit from ordinary activities before income tax includes the following items of revenue and expense:

	Consolidated		Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Operating Revenue				
Traffic Operations	30 457	28 877	29 164	27 555
Interest Revenue	477	458	517	594
Advertising Income	495	356	476	336
Rental Income	67	88	67	88
Other Income	272	297	311	355
Non Operating Revenue				
Net Profit / (Loss) from Sale of Property, Plant and Equipment	40	(30)	34	(21)
Operating Expenses				
Amortisation Expense	16	16	0	0
Depreciation Expense	3 128	3 128	3 032	3 017
Bad & Doubtful Debts Expense	1	6	1	6



19. Notes to the Statement of Cash Flows

(a) For Purposes of the Statement of Cash Flows Cash is Considered to Include Cash On Hand and in Banks, it Excludes Cash Held as an Investment.

Cash as shown in the statement of cash flows is reconciled to the beginning and end of financial year as follows:

	Consolidated		Company	
	2004	2003	2004	2003
	\$000's	\$000's	\$000's	\$000's
Cash at Bank and at Call	2 445	4 599	2 444	4 598

(b) Reconciliation of net cash provided by Operating Activities to Profit from Ordinary Activities after Related Taxation Equivalent

	Consolidated		Company	
	2004	2003	2004	2003
	\$000's	\$000's	\$000's	\$000's
Profit from Ordinary Activities after Related Taxation Equivalent	63	80	61	33
Add Depreciation	3 128	3 128	3 032	3 017
Add Amortisation	16	16	0	0
Add Increase / (Less Decrease) in Provision for Doubtful Debts	(1)	(9)	(1)	(9)
(Less Increase) / Add Decrease in Debtors and Other Receivables	(750)	95	(613)	319
Add Increase / (Less Decrease) in Provision for Inventory				
Obsolescence	0	(6)	0	(6)
(Less Increase) / Add Decrease in Inventory	3	(47)	0	(44)
Add Increase / (Less Decrease) in Accounts Payable	957	(568)	963	(569)
Add Increase / (Less Decrease) in Provision for Revenue				
Maintenance Payment	(158)	158	(158)	158
Add Increase / (Less Decrease) in Employee Entitlements	1 119	471	1 117	464
(Less Profit) / Add Loss on Sale of Property, Plant & Equipment	(40)	30	(34)	21
Movement in Market Valuation of Investments	0	(55)	0	(55)
Add Increase / (Less Decrease) in GST Control	211	(133)	211	(133)
Net Cash Provided by Operating Activities	4 548	3 160	4 578	3 196



20. Taxation Equivalents

(a) The Prima Facie Tax on Operating Profit is Reconciled to the Taxation Equivalent Payable Provided in the Financial Statements as Follows:

	Consolidated		Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
Profit from Ordinary Activities Before Taxation Equivalent	63	80	61	33
Income Tax Equivalent Expense Calculated at 30%	19	24	18	10
Permanent Differences:				
Non-deductible Depreciation on Buildings	32	33	32	33
Amortisation of Intangibles	5	5	0	0
Depreciation on Revaluation Increment	10	6	6	6
Non-Deductible Expenses	0	10	0	7
Building Allowance Write-off	(124)	(125)	(124)	(125)
Timing Differences and Tax Losses not Brought to Account as Future Income Tax Benefits	58	160	46	182
Other	0	(113)	0	(113)
Impact of the Tax Consolidation System:				
Initial Recognition of Deferred Tax Balances of Subsidiaries on Implementation of the Tax Consolidation System	0	0	12	0
Current and Deferred Taxes Relating to Transactions, Events and Balances of Wholly-Owned Subsidiaries in the Tax Consolidated Group	0	0	(24)	0
Non-assessable and Non-deductible Amounts Related to Transactions within the Tax Consolidated Group	0	0	34	0
	(19)	(24)	(18)	(10)
Income Tax Equivalent Expense Attributable to Operating Profit / (Loss) Before Income Tax Equivalent	0	0	0	0

(b) Future Income Tax Benefit Not Brought to Account, the Benefit of Which Will Only be Realised if the Conditions for Deductibility Set Out in Note 1(l) Occur.

	Consolidated		Company	
	2004 \$000's	2003 \$000's	2004 \$000's	2003 \$000's
- Timing Difference - Revenue	4 567	4 981	4 567	4 876
- Timing Difference - Capital	0	0	0	0
- Tax Losses	2 698	2 185	2 698	2 302
	7 265	7 166	7 265	7 178

The taxation benefits of tax losses and timing differences not brought to account will only be obtained if:

- assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- conditions for deductibility imposed by the law are complied with; and
- no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

Tax Consolidation System

Legislation to allow groups, comprising a parent entity and its Australian resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002.

The company and its wholly-owned Australian resident entities are eligible to consolidate for tax purposes under this legislation and have elected to be taxed as a single entity from 1 July 2003. The implementation of the tax consolidation system has not yet been formally notified to the Australian Taxation Office. The head entity within the tax-consolidated group for the purposes of the tax consolidation system is Metro Tasmania Pty Ltd.



21. Dividends

Dividends Provided for the Financial Year

Consolidated		Company	
2004	2003	2004	2003
\$000's	\$000's	\$000's	\$000's
0	0	0	0

22. Commitments and Contingent Liabilities

Capital Expenditure Commitments
Not longer than one year - contracted

Consolidated		Company	
2004	2003	2004	2003
\$000's	\$000's	\$000's	\$000's
1 167	3 410	1 167	3 410

Contingent Liabilities

Dispute with supplier of goods. Metro is advised that the estimated cost will not exceed \$85,000. Metro believes the claim can be successfully defended and therefore no loss will be incurred.

23. Economic Dependency

A significant volume of Metro's operations are performed under contract to the State Government. The current contract has been extended and will expire on 30 June 2005.

Revenue received under the service contract for the year ended 30 June 2004 was \$21,258,901

24. Controlled Entity

Parent Entity
Metro Tasmania Pty Ltd

Country of
Incorporation

Australia

Controlled Entity
Metro Coaches (Tas) Pty Ltd

Ownership
Interest

Australia 100% from 7 May 1999



25. Financial Instruments

Cash

Cash is measured at nominal amounts. Exposure to interest rate and credit risks is considered to be minimal.

Receivables

Trade receivables and other receivables are recorded at nominal amounts due less any provision for doubtful debts (Note 2). A significant volume of Metro's operations are performed for the State Government or are received as cash fares. Accordingly, exposure to credit risk is minimal. Trade Receivables are recognised on delivery of services to customers.

Investments

Metro's investment portfolio as per Note 4 is brought to account at lower of "written up book value" or "market value" which equates to fair value.

Accounts Payable

Accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods or services. Measurement is based on the agreed purchase/contract cost. The amounts are unsecured and are normally settled within 30 days.

Borrowings

Borrowings are carried on the Statement of Financial Position at their face value. Private borrowings are interest only, at a rate of 6.35% and mature on 16 March 2005. The term of Treasury loan funds is to 1 July 2005 and they are subject to a weighted average interest rate of 6.02% plus guarantee fees. The net fair value of the loans at 30 June 2004 using discounted cash flow analysis based on similar types of borrowing arrangements has been estimated as follows:

	Net Fair Value
Tascorp Borrowings	\$2,852,945
Treasury Borrowings	\$72,466

Refer Note 10 for timing of future repayments.

Interest expense is accrued at the contracted rate and is included in Payables.



Attachment A - Employee Training Certificates

During the year ending 30 June 2004 the following Metro staff have successfully completed the Certificate in Transport and Distribution (Road Transport) or Internal Auditor certification.

Certificate II in Transport and Distribution (Road Transport)

Jan	Collins
Karen	Hadley
Anita	Johnson
Julie	Wing

Certificate III in Transport and Distribution (Road Transport)

Jacklyn	Boon
Jenny	Bradburn
Lynn	Bricknell
Vickie	Brockman
Sally-Ann	Charleston
Kathryn	Clark
Caroline	Derks
Kylie	Driver
Sharyn	Harper
Tracy	Higgs
Roy	Howlett
Susan	Hutton
Mary	Johnson
Killian	Jones
Petra	Kennedy
Susan	Kerr
Dianne	Mitchell
Frances	Moore
Trevor	Moore
Dinah	Newton
Shannon	Nicholson
Gaylene	Richardson
Robins	Welsh
Sajovic	Wilcox
Lorraine	Singline
Lisa	Sullivan
Heather	Thompson
Anita	Vanderstaay
Lyndall	Walker
Janice	Watts
Leeanne	Welsh
Helen	Wilcox
Leeandra	Wilson
Kathryn	Woolley
Carina	Wrigley

Internal Auditor Certification

Mark	Dowe
Glen	Freeman





Metro

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